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21 March 1977

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MEMORANDUM

SUBJECT : Italian Prime Minister Andreotti's  
Prospects for Survival\*

1. Prime Minister Andreotti is bound to come under increasing domestic pressure between now and early summer. The pressure will arise partly from immediate issues, such as the economic decree laws that are now before parliament, and partly from misgivings in many quarters over basic trends in Italian politics. Because many of the old rules no longer seem to apply, prediction is unusually risky; still, we believe that the factors working for Andreotti's continuation in office through the summer will prove stronger than those working for his removal.

2. The immediate threat to Andreotti comes from a logjam of contentious legislation, some of which is intended to meet conditions the government accepted last week in negotiating a \$530 million credit with the IMF. To combat inflation, for example, the government has issued a decree law which limits certain labor costs and insulates the wage escalator from the effects of proposed tax increases. Organized labor is strongly opposed to the decree, which must win parliamentary approval by April 4 to remain in effect, and the Communists have warned that it will not pass in its present form. Andreotti is discussing these matters this week with the various political parties and labor, and while political tensions are running high, we estimate that he will find a compromise acceptable to the government and its critics.

3. Beyond the specific issues, Andreotti's main vulnerability lies in the misgivings harbored by both Christian Democrats and Communists over the cooperative relationship

\*This is a CIA assessment, with the DDI, DDO, and NIO/WE concurring.

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that has developed between the government and the Communist leadership. [redacted] the existence of substantial discontent in Communist ranks over the leadership's tendency to compromise with Andreotti. Disgruntled Communists fear that the party will weaken its base of support in the working class and lose its image as a force for change. On the other hand, many Christian Democrats grumble that Andreotti tends to back down in the face of Communist pressure--particularly on economic issues. Andreotti's party rivals fear that he is drifting toward the "historic compromise" advocated by Communist chief Berlinguer.

4. The smaller parties supporting Andreotti also worry about his dependence on the Communists. They fear that the longer it persists, the harder it will be for the minor parties to regain a significant role. These parties have limited leverage, however, and the only one that could stir up trouble--the Socialist Party--is in such internal disarray that it seems to be paralyzed politically. The Socialists are deeply divided over a future course of action and probably terrorized by the thought of another early election, given their poor performance in the last one.

5. Any destabilizing maneuvers are thus likely to come from within the Christian Democratic or Communist parties. Politicians taking aim at Andreotti, however, will have to weigh the following considerations, which comprise Andreotti's main strengths:

--The conditions have not yet emerged for a government less dependent on the Communists. The Socialist cooperation that would be necessary for a move away from the Communists is not likely to materialize during the next few months;

--Nor are the conditions present for a formal Communist role in the government. Aware of the divisions among Christian Democrats, the Communist leadership would probably prefer to continue angling for a more direct voice in policy making rather than push for a formal governing role through a cabinet crisis. Reporting from clandestine sources suggests that the Communist rank and file is not necessarily pushing the leadership to bring Andreotti down but rather urging it to be more critical of how the government tackles specific problems;

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--A government crisis in present circumstances would probably trigger another run on the lira and another round of capital flight. No one wants to accept responsibility for the ensuing repercussions on the austerity program or the blame for interrupting work on complementary policies such as industrial modernization.

6. Thus, the most that anyone could hope to achieve by bringing the government down in the near term would be a variation of the Andreotti formula or an early election. Even allowing for personal ambition, most political leaders would probably judge a slight change in the Andreotti formula as hardly worth the effort or the price that would have to be paid, in economic terms alone, for a government crisis.

7. There are some in the Christian Democratic Party who favor an election, in the belief that the Communists' support may have weakened in the last year. Any push for an election now, however, would have to overcome the opposition of all the other parties. And those who favor an election would have to face the likelihood that most disgruntled Communist supporters in the end would probably stick with the Communists, given the absence of more appealing alternatives on the left. Thus, an election would probably further polarize the voters between the two major parties, making it even more difficult for either to form a workable government. Moreover, those who favor an election this summer would have to precipitate a crisis soon. In order to carry out the necessary preparations for an election in June, for example, parliament would have to be dissolved by mid-May at the latest.

8. While some influential politicians are sniping at Andreotti, others are casting about for ways of easing the pressures on him and extending his tenure. One idea that has gained some favor is a cabinet shuffle aimed at bringing in a larger number of technocrats, chosen in part for their acceptability to the left. The Communists and Socialists have commented favorably on the idea, and Andreotti--who terms it a "possibility"--has noted that such a government would offer more programmatic "guarantees" to the Communists and Socialists. [redacted] the Communists would insist that Andreotti continue as prime minister in the event of a cabinet shuffle.

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9. Such a change would likely be accompanied by pressure from the Communists and Socialists for a more extensive programmatic agreement between the government and the political parties that have permitted Andreotti to survive so far. The Communists hope that agreement on a broader program would permit them to move from their present position of abstention to become part of a parliamentary majority voting in favor of the government. This would be difficult to achieve without a government crisis, but we believe the Communists would stop short of provoking one in pushing for such a change.

10. On balance, therefore, our assessment is that while there will be increased skirmishing between the Communists and Christian Democrats in the coming weeks, the prevailing tendency in both parties will be to step back from the brink and seek some sort of compromise. Thus, we expect that, barring some unforeseen dramatic new development, Andreotti will probably survive until July when the traditional summer lull would likely serve to tide him over until fall. Beyond that time, any prediction would be hazardous in the extreme, and a new assessment of the situation will be required.

11. Andreotti's chances for surviving would, of course, be increased if he were invited to make an official visit to the US. If such a visit were announced soon, it would help him with his current parliamentary difficulties as well as his political challenges. Some Christian Democrats who view Andreotti as too conciliatory toward the Communists might speculate that the visit constituted a US endorsement of his approach; others would surmise that the US had invited him to stiffen his resistance to the Communists. In any event, the principal political effect of a US visit at this time would be to give pause to Andreotti's Christian Democratic rivals, all of whom would want to be sure of US support in the uncertain period that would follow a government crisis. For their part, the Communists would pose no objections to such a visit, provided it had no overt anti-Communist overtones.

12. A decision not to invite Andreotti, if it became known, would hurt him to some extent. Invidious contrasts might be made between such a decision and the forthcoming

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unofficial visit to the US of two Italian Communist parliamentarians as part of a delegation from the Western European Union. But we doubt that the damage would be critical or lasting, unless there were further US moves pointing toward a change in US policy toward the Communists.

